



DEPARTMENT OF THE TREASURY

INTERNAL REVENUE SERVICE

1100 Commerce Street
Dallas, TX 75242

501.03-00

**TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION**

Date: 8/26/2011

Release Number: **201203019**

Release Date: 1/20/2012

LEGEND

ORG - Organization name

XX - Date Address - address

Person to Contact:

Badge Number:

Contact Telephone Number:

Contact Address:

Employer Identification Number:

**ORG
ADDRESS**

CERTIFIED MAIL

Dear

This is a final notice of adverse determination that your exempt status under section 501(c)(3) of the Internal Revenue Code is revoked. Recognition of your exemption under Internal Revenue Code section 501(c)(3) is revoked effective January 1, 20XX for the following reason(s):

You are not operated exclusively for an exempt purpose as required by Internal Revenue Code section 501(c)(3). You are not and have not been engaged primarily in activities which accomplish one or more exempt purposes. You are not a charitable organization within the meaning of Treasury Regulation 1.501(c)(3)-1(d); rather, your activities further a substantial nonexempt commercial purpose and serve private rather than public interests.

Because you did not protest the proposed modification of your non-private foundation status and have indicated your agreement by signing the Form 6018 on July 13, 20XX, it is further determined that you have not exhausted your available remedies for purposes of declaratory judgment under section 7428 of the Code.

Contributions to your organization are no longer deductible effective January 1, 20XX.

Since your exempt status has been revoked, you are required to file Form 1120, U.S. Corporation Income Tax Return, for all years beginning on or after January 1, 20XX.

Income tax returns for subsequent years are to be filed with the appropriate Service Center identified in the instructions for those returns.

It is further determined that your failure to file a written appeal constitutes a failure to exhaust your available administrative remedies. However, if you decide to contest this determination in court, you must initiate a suit for declaratory judgment in the United States Tax Court, the United States Claims Court, or the district court of the United States for the District of Columbia before the (ninety-first) 91st day after the date that this determination was mailed to you. Contact the clerk of the appropriate court for rules for initiating suits for declaratory judgment. To secure a petition form, write to the following address: United States Tax Court, 400 Second Street, NW, Washington, DC 20217.

Please understand that filing a petition for a declaratory judgment under IRC section 7428 will not delay the processing of subsequent income tax returns and assessment of any taxes due.

You also have the right to contact the Office of the Taxpayer Advocate. However, you should first contact the person whose name and telephone number are shown above since this person can access your tax information and can help you get answers. You can call 1-877-777-4778, and ask for the Taxpayer Advocate assistance or you can contact the Advocate from the site where this issue was determined by writing to:

Taxpayer Advocate assistance cannot be used as substitute for established IRS procedures, formal appeals processes, etc. The Taxpayer Advocate is not able to reverse legal or technically correct tax determination, nor extend the time fixed by law that you have to file a petition in Court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling.

This letter should be kept within your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely,

Nanette M. Downing
Director, EO Examinations

Enclosures:
Publication 892



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY

Internal Revenue Service
1100 Commerce Street
Dallas, TX 75242

February 11, 2011

ORG
ADDRESS

Taxpayer Identification Number:

Form:

Tax Year(s) Ended:

Person to Contact/ID Number:

Contact Numbers:

Telephone:

Fax:

Certified Mail - Return Receipt Requested

Dear

We have enclosed a copy of our report of examination explaining why we believe revocation of your exempt status under section 501(c)(3) of the Internal Revenue Code (Code) is necessary.

If you accept our findings, take no further action. We will issue a final revocation letter.

If you do not agree with our proposed revocation, you must submit to us a written request for Appeals Office consideration within 30 days from the date of this letter to protest our decision. Your protest should include a statement of the facts, the applicable law, and arguments in support of your position.

An Appeals officer will review your case. The Appeals office is independent of the Director, EO Examinations. The Appeals Office resolves most disputes informally and promptly. The enclosed Publication 3498, *The Examination Process*, and Publication 892, *Exempt Organizations Appeal Procedures for Unagreed Issues*, explain how to appeal an Internal Revenue Service (IRS) decision. Publication 3498 also includes information on your rights as a taxpayer and the IRS collection process.

You may also request that we refer this matter for technical advice as explained in Publication 892. If we issue a determination letter to you based on technical advice, no further administrative appeal is available to you within the IRS regarding the issue that was the subject of the technical advice.

If we do not hear from you within 30 days from the date of this letter, we will process your case based on the recommendations shown in the report of examination. If you do not protest this proposed determination within 30 days from the date of this letter, the IRS will consider it to be a failure to exhaust your available administrative remedies. Section 7428(b)(2) of the Code provides, in part: "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted its administrative remedies within the Internal Revenue Service." We will then issue a final revocation letter. We will also notify the appropriate state officials of the revocation in accordance with section 6104(c) of the Code.

You have the right to contact the office of the Taxpayer Advocate. Taxpayer Advocate assistance is not a substitute for established IRS procedures, such as the formal appeals process. The Taxpayer Advocate cannot reverse a legally correct tax determination, or extend the time fixed by law that you have to file a petition in a United States court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling. You may call toll-free 1-877-777-4778 and ask for Taxpayer Advocate Assistance. If you prefer, you may contact your local Taxpayer Advocate at:

If you have any questions, please call the contact person at the telephone number shown in the heading of this letter. If you write, please provide a telephone number and the most convenient time to call if we need to contact you.

Thank you for your cooperation.

Sincerely,

Nanette M. Downing
Director, EO Examinations

Enclosures:
Publication 892
Publication 3498
886A

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| Form 886A | Department of the Treasury - Internal Revenue Service Explanation of Items | Schedule No. or Exhibit |
| Name of Taxpayer ORG | | Year/Period Ended 20XX12 |

LEGEND

ORG - Organization name XX - Date City - city State - state
Country - country

ISSUES:

1. Whether ORG' exemption should to be revoked due to its filing for corporate status in another jurisdiction (City, State) subsequent to its original corporate filing in the State of State.

FACTS:

1. ORG was incorporated in State on November 29, 20XX. On 10/6/20XX, State forfeited ORG's corporate status for failure to file the 20XX property return. ORG subsequently reincorporated in the District of Country on May 3, 20XX.

LAW:

Section 1.501(a)-1(a)(2) of the Income Tax Regulations requires that, in order to establish exemption, an organization must file an appropriate application form with the District Director for the internal revenue district in which is located the principal place of business or principal office of the organization. Rulings or determination letters holding organizations exempt are effective so long as there are no material changes in the organization's character, purposes, or methods of operation.

REV-RUL, SECTION 501.--EXEMPTION FROM TAX ON CORPORATIONS, CERTAIN TRUSTS, ETC., Revenue Ruling 67-390, 1967-2 CB 179, (Jan. 01, 1967)

SECTION 501.--EXEMPTION FROM TAX ON CORPORATIONS, CERTAIN TRUSTS, ETC.
Requirement for new applications for exemption from Federal income tax in case of a change in the structure of organizations exempt from Federal income tax under section 501(a) of the Internal Revenue Code of 1954.

The Internal Revenue Service has been asked whether new applications for exemption are required in four cases where changes were made in the structure of organizations which previously had been held exempt from Federal income tax under section 501(a) of the Internal Revenue Code of 1954 or a counterpart provision of prior law.

Case 1. An exempt trust was reorganized and adopted a corporate form to carry out the same purposes for which the trust had been established. Its operations were not changed.

Case 2. An exempt unincorporated association was incorporated and continued the operations which had qualified it for exemption.

Case 3. An exempt organization incorporated under state law was reincorporated by an Act of Congress to carry out the same purposes contained in the state charter.

Case 4. An exempt organization incorporated under the laws of one state was reincorporated under the laws of another state with no change in its purposes.

In each of the four cases described above a new legal entity has been created. Each new entity must establish its exemption in accordance with the regulations set forth above. Accordingly, each of the above

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| Form 886A | Department of the Treasury - Internal Revenue Service Explanation of Items | Schedule No. or Exhibit |
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organizations must file an application for exemption to establish that the new entity qualifies for exemption under the Code and applicable regulations.

TAXPAYER POSITION:

The taxpayer stated in interviews that it did not realize the ramifications of the subsequent filing for corporate status in a new jurisdiction.

GOVERNMENT POSITION:

The government's position is that there has been a significant change in the organization's character and or structure. The taxpayer's actions are identical to that of case four of Rev. Rul. 67-390. As such it is subject to the rules as found in Per Rev. Rul. 67-390.

CONCLUSION:

ORG Community Service's exemption will be revoked. ORG will have to reapply for its exempt status.